

**U.S. Department of Justice**

*United States Attorney
Southern District of New York*

*The Silvio J. Mollo Building
One Saint Andrew's Plaza
New York, New York 10007*

October 3, 2022

VIA ECF AND EMAIL

Honorable Lorna B. Schofield
United States District Judge
Southern District of New York
40 Foley Square
New York, New York 10007

Re: *United States v. Sohrab Sharma et al., 18 Cr. 340 (LGS)*

Dear Judge Schofield:

The Government respectfully submits this letter in response to the Court's June 3, 2022, June 16, 2022, and August 11 Orders directing the Government to update the Court regarding the status of the remission process, including a recent development discussed below that is already leading to a substantial increase in the receipt of new remission petitions from potentially eligible secondary market victims.

As the Court is aware, the Department of Justice's Money Laundering and Asset Recovery Section ("MLARS") is exercising its discretion under the applicable forfeiture laws to use the pool of forfeited assets in this case to fund a remission program to compensate all eligible victims of the defendants' fraud on a pro rata basis, according to each victim's verifiable losses.

While the \$33,422,373.45 in net proceeds from sale of 100,000 Ether units in fraud proceeds seized by the Government ("Ether Sale Proceeds") that has been the subject of the ancillary forfeiture proceedings is expected to provide the primary source of funds for the remission program, in the interest of expediency, MLARS has to date initiated the remission process using a portion of the forfeiture money judgment funds collected to date. This will enable MLARS to adjudicate remission claims and expedite the disbursement process of forfeited funds to victims following the entry of a final of forfeiture with respect to the Ether Sale Proceeds.

On or about August 16, 2021, MLARS retained a claim administrator, Epiq, to, among other things, design a remission claims form, set up a public website, program a petition portal to capture claims data, manage the process of notifying potential victims, process petitions, verify losses, and recommend a distribution of available funds to MLARS (which has sole discretion as to which victims ultimately receive remission and in what amounts). The amount of Epiq's current contract with MLARS is \$119,876.50, of which approximately \$86,896.70 has been expended to date. While Epiq's contract may be expanded, if necessary, to cover additional costs, MLARS continues to anticipate that the forfeiture money judgment funds collected to date (*i.e.*, approximately \$453,000) should be sufficient to cover the entire administrative costs associated with the remission program, thereby likely preserving the full amount of Ether Sale Proceeds for potential compensation to eligible victims.

As discussed in the Government's August 19, 2022 letter to the Court, the claims administrator and this Office have provided notice to potentially eligible victims in numerous ways. Since our August 19, 2022 letter, a leading secondary market cryptocurrency exchange ("Exchange-1") agreed to send notice of the DOJ remission program to approximately 85,751 users who purchased CTR tokens using Exchange-1 between July 2017 and April 2018. Last week, Exchange-1 sent out this notice, which is attached as Exhibit A hereto. This notice has already resulted in a substantial spike in new remission petitions from potentially eligible victims. Given the recency of the notice, the Government expects that this spike in new petitions will continue over the coming weeks.

Furthermore, since the Government's August 19, 2022 letter, the claims administrator has continued to use sponsor links through the Google, Yahoo, and Bing search engines to optimize the search results for the remission program website, available at <https://www.centratechremission.com>. As of approximately September 30, 2022, the remission website has received approximately 15,080 page hits, including 4,607 new page hits since our August 19, 2022 letter. 2,365 of these new hits occurred last week, which the Government attributes largely to the notice from Exchange-1 discussed above.

In total, as of earlier today, the claims administrator has received approximately 266 remission claims, including 44 new claims in the last week alone. Based on the face of the petitions, the aggregate amount in United States Dollars of the claims for purchases made with Ether and Bitcoin (excluding certain claims that appear on their face to be unverifiable) is approximately \$48 million, an increase of more than \$16 million since our August 19, 2022 letter.¹ The \$48 million includes approximately \$42.9 million for purchases of CTR tokens during the ICO period (some of which may be secondary market purchases) and approximately \$5.2 million for purchases following the ICO. These calculations are based on the amount of Ether or Bitcoin a claimant used to purchase CTR tokens (as converted to USD on the date of the purchase), less the amount of Ether or Bitcoin obtained by such claimant in the sale of any CTR tokens (as converted to USD on the date of the sale), which is among the loss calculation methodologies that MLARS is permitted to use under the applicable regulations. MLARS will not make a final determination regarding the loss calculation methodology until after the close of the claims period in order to assess the permissible method that results in the most fair and generous compensation to victims. Additionally, while the \$48 million in claims noted above provisionally excludes *billions of dollars* of claims that appear on their face to be unverifiable, the verification process will not be completed until after the close of the claims period, and it is anticipated that the final verified claims amounts may differ from the amounts claimed in the petitions. It is also possible that, when claimants are afforded an opportunity to correct deficiencies in their petitions, a portion of the provisionally excluded claims may be determined to be legitimate.

As noted in our August 19, 2022 letter, pursuant to 28 C.F.R. § 9.9(h), under certain circumstances, a consolidated petition may be filed on behalf of multiple petitioners. The claims

¹ This excludes claims contained in approximately 22 petitions for purchases made with other cryptocurrencies, which not yet been converted into USD.

administrator has still yet to receive a consolidated petition by the class representatives in the Southern District of Florida civil class action relating to the defendants' fraud.

As the Court is aware, the amount of funds ultimately available for compensation to eligible victims is contingent on the entry of a final order of forfeiture with respect to the Ether Sale Proceeds. This Office, together with the claims administrator and MLARS, intend to publicize the entry of such an order to potentially eligible victims in connection with the remission program. The deadline for the submission of remission petitions has been extended to 60 days after the entry of a final order of forfeiture. The remission website has been updated to reflect the new deadline. A copy of the relevant excerpt from the updated remission website is attached as Exhibit B hereto.

Respectfully submitted,

DAMIAN WILLIAMS
United States Attorney

by: _____/s/
Daniel Loss / Negar Tekeei
Assistant United States Attorneys
212-637-6527 / -2482

cc: Counsel of record

Exhibit A

NOTICE

RE: UNITED STATES DEPARTMENT OF JUSTICE REMISSION ADMINISTRATION

Announcement:

You are receiving this notice because [REDACTED] has been made aware that the United States is initiating a Remission process to return forfeited money to eligible victims of frauds perpetrated by Centra Tech and its founders/members. The following information is being provided to users who may have been affected by these frauds. The U.S. has informed [REDACTED] that if you purchased digital tokens issued by Centra Tech ("CTR Tokens") between July 23, 2017, and April 2, 2018, you are eligible to file a Petition for Remission from the U.S. The U.S. has also informed [REDACTED] that the Petition for Remission Form ("Petition") must be submitted in order for the U.S. to determine if you are eligible to share in the distribution from the forfeited assets. The Petition and information regarding the current deadline can be found at the website [here](#). The Petition may be filed online OR via mail addressed to:

US v. Centra Tech
Remission Administrator
P.O. Box 5834
Portland, OR 97228-5834

Should you wish to file a Petition, please follow all instructions on the Petition for completing and submitting your Petition. According to US authorities, valid Petitions require **supporting documentation** to verify your transactions. For example, as part of your Petition you will be asked to provide your transactions related to your CTR token acquisitions between July 23, 2017, and April 2, 2018. [REDACTED] has a system to assist you in downloading your transaction history from [REDACTED].com: Please follow the steps outlined in the FAQ [REDACTED] (please note that the relevant transaction period is **July 2017 to April 2018**).

Disclaimer:

[REDACTED] is providing this information to you only as notice of the process that is ongoing in the U.S. as a result of this matter. The U.S. Department of Justice ("DOJ") informed [REDACTED] that it retained Epiq Class Action and Claims Solutions, Inc. ("Epiq") to serve as the Remission Administrator for this matter. [REDACTED] has not provided any private user information to the U.S. DOJ or Epiq. [REDACTED] is not responsible for the timeliness of this notice, the remission administration process and its deadlines, and will not file a Petition on your behalf. [REDACTED] is not responsible for the truth, accuracy and timeliness of your petition, should you wish to file one, and does not guarantee that your petition will succeed. [REDACTED] does not guarantee the accuracy and completeness of, and will not be held liable for the use or reliance upon, any documents and/or information provided to you in this notice or in reliance of this notice. If you have any questions regarding the remission process you may contact the remission administrator, Epiq Class Action and Claims Solutions, Inc. by email at info@centratechremission.com or by phone (recorded information only) at **1-800-709-3448**.

Exhibit B

United States v. Sohrab Sharma et al. Remission Administration

Welcome to the information website for the United States v. Sohrab Sharma et al. Remission Administration

Update: The U.S. Department of Justice has extended the filing deadline to file a Petition for Remission form. Potentially eligible petitioners may now file a Petition for Remission form online or by mail no later than 60 days after the entry of the final order of forfeiture in the criminal forfeiture case. Please continue to check back on this website as it will be updated with further information once available.

The United States is initiating a Remission process to return forfeited money to eligible victims of frauds perpetrated by Robert Joseph Farkas, Sohrab Sharma, Raymond Trapni, and their company Centra Tech (collectively referred to as "Centra Tech" or "the Defendants"). The Remission process is governed by the Code of Federal Regulations at 28 C.F.R. Part 9 (the "Regulations") and overseen by the Department of Justice's Money Laundering and Asset Recovery Section. The Department of Justice ("DOJ") hired Epiq Class Action and Claims Solutions, Inc. ("Epiq") to serve as the Remission Administrator for this matter. The Petition for Remission Form ("Petition") must be submitted in order to be potentially eligible to share in the distribution from the forfeited assets.

From approximately July 23, 2017, through October 5, 2017, Centra Tech claimed to offer cryptocurrency-related financial products including a debit card that allowed users to spend cryptocurrency at stores that accepted MasterCard and Visa. The Defendants solicited investors to purchase unregistered securities in the form of digital tokens issued by Centra Tech ("CTR Tokens") through a so-called "initial coin offering" or "ICO." The representations made to help secure these investments, however, were false. The Defendants fabricated Centra Tech executive team members, did not have appropriate state licenses, and did not have relationships with financial services providers.

Based in part on these false representations, victim ICO investors provided millions of dollars' worth of digital funds in investments for the purchase of CTR Tokens. Many CTR Tokens were subsequently traded on the secondary market while the Defendants continued to misrepresent Centra Tech's qualifications and capabilities. On April 2, 2018, two of the Defendants were publicly charged with violations of federal criminal law by a Criminal Complaint filed in the Southern District of New York and the Securities and Exchange Commission ("SEC") filed a civil complaint in the Southern District of New York. Subsequently, the price of CTR Tokens declined to nearly zero.

If you purchased unregistered securities in the form of digital tokens issued by Centra Tech (CTR Tokens) between July 23, 2017, and April 2, 2018, including through a so-called "initial coin offering" or "ICO" from approximately July 23, 2017, through October 5, 2017, you are potentially eligible to file a Petition for Remission. To file your Petition for Remission Form, click the button below.

[File a Petition Form](#)

Current Status

The filing deadline to file a Petition for Remission form has been recently updated. Potentially eligible petitioners may file a Petition for Remission form online or by mail no later than 60 days after the entry of the final order of forfeiture in the criminal forfeiture case.